

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**Division of Housing Policy Development**

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March 4, 2005

Mr. Warren Frace
Community Development Director
Community and Economic Development Department
City of Atascadero
6905 El Camino Real, Suite 6
Atascadero, CA 93422

Dear Mr. Frace:

RE: Review of the City of Atascadero's Draft Housing Element

Thank you for submitting revisions to Atascadero's draft housing element, received for review on January 3, 2005. Pursuant to Government Code Section 65585(b), the Department is required to review draft housing elements and report the findings to the locality. The review was facilitated by a telephone conversation on February 23, 2005 with Ms. Kerry Margason, the City's Associate Planner.

The revisions address some of the statutory requirements described in the Department's May 24, 2002 review. For example, the element now includes an analysis of on- and off-site improvements; an analysis of the cost of land, construction, and the availability of financing; and a program to support the sewer expansion on El Camino Real. However, in order to comply with State housing element law (Article 10.6 of the Government Code), additional information and analyses are required. In particular, the element should demonstrate the adequacy of sites identified for multifamily housing and expand the analysis of governmental constraints. These and other changes needed to comply with housing element law are described in the enclosed Appendix.

The Department hopes these comments are helpful and appreciates the assistance and cooperation of Ms. Margason. If you have any questions or would like to schedule a meeting, in Atascadero or Sacramento prior to submitting further revisions, please contact Michelle Woods, of our staff, at (916) 327-8881.

Sincerely,

Cathy E. Creswell
Deputy Director

Enclosure

cc: Kerry Margason, Associate Planner, City of Atascadero

APPENDIX

City of Atascadero

The following changes would bring the City of Atascadero's housing element into compliance with Article 10.6 of the Government Code. Accompanying each recommended change we cite the supporting section of the Government Code.

Technical assistance is available on the Department's website at www.hcd.ca.gov. Refer to the Division of Housing Policy Development and the section pertaining to State Housing Planning. Among other resources, this section contains the Department's publication *Housing Element Questions and Answers (Qs & As)* and the Government Code addressing State housing element law.

A. Housing Needs, Resources, and Constraints

1. *Include an inventory of land suitable for residential development, including vacant sites and sites having the potential for redevelopment, and an analysis of the relationship of zoning and public facilities and services to these sites (Section 65583(a)(3)).*
 - a. Most of the sites identified for high-density residential development and residential mixed-use development have some form of site constraint - slope stability and existing structures – which can limit or possibly preclude development (Table V-21, p. 20). To assess the potential for multifamily development on these sites during the current planning period, the element should include a description and analysis of the following:
 - Market conditions and development trends indicating the degree to which sites with environmental constraints and/or existing structures can be developed or redeveloped for multifamily use. This analysis should also address the likelihood of commercial sites converting to residential use and sites with single-family homes converting to multifamily use.
 - Any financial or regulatory assistance Atascadero will provide to facilitate and encourage the development of multifamily housing.
 - Whether the densities described in Table V-21 can be achieved despite identified constraints.
 - b. According to Table V-21 (page 20), Atascadero expects to accommodate its need for units for lower-income households on sites zoned Medium Density Residential (MDR-up to ten units to the acre), High Density Residential (HDR-up to 16 units to the acre), and General Commercial (up to 16 units to the acre). In the San Luis Obispo region, densities exceeding 16 units to the acre are typically needed to facilitate the development of units affordable to lower-income households. Therefore, the element should include an analysis (based on the rent or sale prices of recently constructed market-rate units) indicating that the City's HDR zone can facilitate housing affordable to lower-income persons. In the absence of an adequate analysis, the element must be revised to include additional programs and actions such as increasing maximum densities and providing adequate incentives sufficient to accommodate Atascadero's unmet need for lower-income households.

- c. Programs 3.1.3 and 10.2.1 (pages 26, 34, and 35) indicate Atascadero is considering amending its zoning ordinance to permit residential mixed-use development to occur on General Commercial sites located outside of the downtown area. The element should clarify whether General Commercial sites (Table V-21, page 20) are located downtown or in another area of the City and which if any sites require rezoning for residential development to occur. If rezoning is required, the element should include a program to implement necessary land-use changes. In addition, the element should also describe the following requirements and analyze their impact on development:
 - Existing and proposed mixed-use development standards such as parking, height, floor area ratios, and set-back requirements.
 - Permitting and approval processes for residential mixed-use development. For example, during our telephone conversation Ms. Margason mentioned that horizontal mixed-use housing (i.e., stand-alone housing units located behind a commercial facility) is subject to a general plan amendment. This and other requirements, affecting both horizontal and vertical mixed-use housing, should be discussed in the element. The element should provide for requisite housing development to occur without general plan amendments.
 - Market conditions and development trends evaluating the potential for multifamily housing on mixed-use sites.
 - Any financial or regulatory assistance Atascadero will provide to facilitate and encourage development of mixed-use housing, particularly for lower-income workers and families.
 - d. In response to the Department's May 2002 review, the revisions (page 8) included in the cover letter attached to the element now describe Atascadero's water and wastewater services. However, the element needs to address whether adequate capacity exists to accommodate the City's regional housing need, and, if not, actions the City will take to address this need. Please refer to comment B.3 of the Department's previous review.
2. *Analyze potential and actual governmental constraints upon the maintenance, improvement, and development of housing for all income levels, including land use controls, site improvements, and local processing and permit procedures. The analysis shall also demonstrate local efforts to remove governmental constraints that hinder the locality from meeting its share of the regional housing need in accordance with Section 65584 (Section 65583(a)(4)).*
- a. The element should describe and analyze, for each zoning category, land-use controls such as setbacks, height limits, floor area or lot coverage ratios, and parking requirements. Please refer to comment B.4 of the Department's May 2002 review.
 - b. The revisions described in the element's cover letter, (page 9) indicates Atascadero is amending its permit processing procedures. The element should describe and analyze, for both single-family and multifamily development, these amendments as well as the City's current permit processing procedures. Please refer to comment B.4 of the Department's May 2002 review.

- c. The element still needs to describe Atascadero's design and appearance review criteria (page 21). Please refer to comment B.4 of the Department's May 2002 review.
 - d. The element needs to provide an analysis of Atascadero's inclusionary ordinance (Program 2.2.2, page 26). Please refer to comment B.4 of the Department's May 2002 review.
 - e. The element still needs to analyze the impact of Atascadero's enhanced density bonus program (Program 4.3.3., page 29), and assess whether it complies with the State density bonus law, which has subsequently been amended. Please refer to comment B.4 of the Department's May 2002 review. Under separate cover, amendments that took effect January 1, 2005 will be sent.
 - f. The element continues to need revision to analyze potential and actual governmental constraints upon housing for disabled persons. For assistance, please refer to comment B.4 of the Department's May 2002 review and the technical assistance memo posted on the Department's website at www.hcd.ca.gov/hpd/hcr/plan/he/sb520_hpd.pdf.
3. *Analyze the special housing needs of the elderly, disabled, farmworkers, and families and persons in need of emergency shelter (Section 65583 (a)(6)).*
- a. The element should include an estimate of the number of farmworkers in the Atascadero area and an analysis of their special housing needs. The City could contact local service providers, such as People's Self-Help Housing, and the nearest California Rural Legal Assistance office, to obtain information about the number of farmworkers, with Atascadero addresses, who have sought assistance. Please refer to comment B.6 of the Department's May 2002 review.
 - b. The Department commends Atascadero's efforts to facilitate the development of the El Camino Real shelter (page 10 of the housing element cover letter). However, the element should also include an estimate of persons in need of emergency shelter and transitional housing. Please refer to comment B.6 of the Department's May 2002 review.
 - c. The element still needs to be revised to include information about elderly households that the Department included in its earlier review (per comment B.6.). Census 2000 data reports that for persons age 65 and over, approximately 1,449 occupants are owners and 486 are renters.
4. *Identify and consider all federal, state, and local financing and subsidy programs which can be used to preserve, for low-income households, the assisted housing development; and public and private non-profit corporations known to the local government which have legal and managerial capacity to acquire and manage these housing developments (Sections 65583 (a)(8)).*

The element was not revised to address this requirement. Please refer to comment B.7 of the Department's May 2002 review.

B. Housing Programs

1. *Identify adequate sites which will be made available through appropriate zoning and development standards and with public services and facilities needed to facilitate and encourage the development of a variety of types of housing for all income levels, including rental housing, housing for agricultural workers, emergency shelters and transitional housing. Where the inventory of sites, pursuant to paragraph (3) of subdivision (a), does not identify adequate sites to accommodate the need for groups of all household income levels pursuant to Section 65584 and for farmworker housing, the element shall include a program to address unmet needs. The program shall provide for sufficient sites with zoning that permits owner-occupied, rental multifamily residential use, and farmworker housing by right, including density and development standards that could accommodate and facilitate the feasibility of housing for very low- and low-income households (Section 65583(c)(1)).*
 - a. Without the analyses described in comment A.1, it is not possible to fully evaluate the adequacy of Atascadero's housing sites. Currently, the element does not demonstrate Atascadero's zoning and development standards are appropriate to encourage and facilitate the construction of housing for all income levels, particularly for lower-income families.
 - b. The element indicates that farmworker housing is permitted in the Residential Suburban zoning district as an accessory use to agricultural operations (page 14). The element should clarify whether the Residential Suburban zoning district referred to (page 14) is the same as the Rural Residential, Rural Estate, and/or Suburban Estate districts described in the cover letter (page 8). The element should describe the land-use controls and permit processing requirements applicable to farmworker housing and analyze how these requirements encourage and facilitate development. Since farmworker housing is sometimes developed on sites that are not part of an agricultural operation, the element should also clarify whether development is permitted if units are not an accessory use. Please refer to comment D.2 of the Department's May 2002 review.
 - c. While the element's cover letter indicates that Atascadero has approved a homeless shelter, the element should describe the zones where emergency shelters and transitional housing are permitted and describe the City's permitting process and development standards (page 10). Please refer to comment D.2 of the Department's May 2002 review.

2. *Include a program which sets forth a five-year schedule of actions the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the housing element through the administration of land use and development controls, provision of regulatory concessions and incentives, and the utilization of appropriate federal and state financing and subsidy programs when available and the utilization of moneys in a Low and Moderate Income Housing Fund of a redevelopment agency, if the locality has established a redevelopment project area pursuant to Health and Safety Code Section 33000, et. seq. (Section 65583(c)).*

Some of the element's programs still require further revision to ensure successful implementation. Examples of programs needing revision include, but are not limited to the following:

- a. Program 2.1.2: In response to the Department's prior review, the element now indicates the PD overlay will be applied to RMF-10 and RMF-16 zoning districts. However, the element should describe how Atascadero will encourage the use of the PD overlay and clarify whether the overlay has been or when it will be adopted. Please refer to comment D.1 of the Department's May 2002 review.
- b. Program 3.1.2: The element should clarify whether Atascadero's second-unit ordinance was adopted in 2003-2004 and describe the applicable development standards and permit procedures. If the ordinance was not adopted, the element should be revised to include a new implementation date before July 2005. Please refer to comment D.1 of the Department's May 2002 review.
- c. Program 3.1.3: Revise the element to specify whether Atascadero's zoning ordinance was amended in 2003 to conditionally allow multifamily and mixed-use residential in General Commercial zones. If this program was not implemented, the element should be revised to include a new implementation date, before July 2005. In addition, the element should describe applicable development standards. See comment A.1.c.
- d. Program 3.1.4: Specify whether the zoning ordinance was amended in 2002 to base the calculation of density on dwelling units instead of bedrooms. If this program was not implemented, the element should be revised to include a new implementation date before July 2005. Please refer to comment D.1 of the Department's May 2002 review.
- e. Program 6.1.1: Flexible zoning standards. The element was not revised to address this requirement. Please refer to comment D.1 of the Department's May 2002 review.
- f. Program 6.1.3: Cooperate with nonprofit and social service agencies. Identify the funding source and clarify whether this program was implemented in 2004 and, if not, specify a new implementation date. Please refer to comment D.1 of the Department's May 2002 review.
- g. Program 2.1.1 – Moderate-income density bonus. This program was not revised to address this requirement. Please refer to comment D.1 of the Department's May 2002 review.

In addition to the preceding page, we note that page 11 of the element's cover letter indicates Atascadero has accumulated approximately \$900,000 in redevelopment funds. The element should be revised to estimate the amount of redevelopment funds the City expects to accumulate during the current planning period and indicate the proposed uses of the funds. Please refer to comment D.1.d of the Department's May 2002 review.

3. *The housing element shall contain programs, which "address, and where appropriate and legally possible, remove governmental constraints to the maintenance, improvement, and development of housing" (Section 65583(c)(3)).*

Without the analyses described in comment A.2, it is not possible to evaluate the element's compliance with this requirement. However, in accordance with recently enacted legislation, the element should include a program to remove governmental constraints to meet the housing needs of persons with disabilities and/or provide reasonable accommodation (see comment A.2.f).

C. Public Participation

The element's cover letter describes workshops and study sessions Atascadero conducted to solicit public input (page 14). The element should be revised to describe how the workshops and study sessions were advertised and the efforts the City undertook to achieve public participation of all economic segments of the community.